



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Presentation of Electric, Water and Wastewater Utility First and Second Quarter (Fiscal Year 2007-08) Financial Reports

**MEETING DATE:** February 20, 2008

**PREPARED BY:** Electric Utility and Public Works Directors

---

**RECOMMENDED ACTION:** Receive a report prepared by the Electric Utility Department and Public Works Department summarizing the financial performance for the first and second quarters of Fiscal Year 2007-08.

**BACKGROUND INFORMATION:** The Electric Utility (EUD) and Public Works Departments are responsible for reporting the quarterly financial results to the City Council. The attached PowerPoint report summarizes such results for the First and Second quarters of Fiscal Year 2007-08.

### **ELECTRIC UTILITY:**

A summary of the Electric Utility's financial performance for this reporting period is as follows:

- EUD had strong first and second quarters for Fiscal Year 2007-08
- Power costs declined approximately \$705, 000 from budget
- Non-power costs decreased \$1.4 million
- Revenues are down by approximately \$865,000
- Northern California Power Authority (NCPA) General Operating Reserve (GOR) is up by approximately \$295,000
- Fiscal year 2007-08 power costs are 93% hedged
- Revenues include a one-time receipt of \$3.25 million from Roseville CT1 Sale
- Overall increase in cash is about \$5.75 million through the second quarter(including Roseville revenue)

A summary of the Wastewater and Water financial performance for this reporting period is attached and is summarized as follows:

### **WASTEWATER:**

- Cash balance is \$2.3 million
- Revenues at 48% of budget
- Operating expenses on target at 50% of budget

### **WATER:**

- Cash balance is \$1 million
- Revenues are on target at 52 % of budget
- Fund operating expenses on target at 41 % of budget

---

**APPROVED:** \_\_\_\_\_  
Blair King, City Manager

**FISCAL IMPACT:** None at this time.

**FUNDING:** Not applicable.

---

George F. Morrow  
Electric Utility Director

---

Richard Prima  
Public Works Director

Attachment



Electric Utility Department

# **FY08 Quarterly Update**

**(Through December 30, 2007)**

**City Council Shirtsleeve Session**  
**February 20, 2008**



# Highlights

- EUD had a strong 2<sup>nd</sup> Qtr of FY08 ✓
- Power Costs declined ~\$705K ✓
- Non-power Costs decreased ~\$1.4M ✓
- Revenues down about \$865K ✗
- NCPA “GOR” up \$295K ✓
- FY08 power costs ~93% hedged ✓
- Revenues include a one-time receipt of 3.25 million from Roseville CT1 Sale. ✓
- Overall increase in cash is about \$5.75M ✓✓



# Q2 Projected vs. Q2 Actual

<b>Cash Flow</b>			
<b>Revenue</b>	<b>Projected</b>	<b>Actuals</b>	<b>% of Projection</b>
Sales Revenues	38,159,944	37,358,628	-2.1%
Other Revenues	326,068	3,510,426	976.6%
Total Revenues	38,486,012	40,869,054	6.2%
<b>Expenses</b>			
Purchase Power	22,175,243	21,470,186	-3.2%
Non Power	7,480,513	6,028,395	-19.4%
Total Expenses	29,655,756	27,498,581	-7.3%
Net Revenue for Debt Service	8,830,256	13,370,473	
<b>Debt Service</b>	4,485,744	4,485,744	0.0%
Net Revenue	4,344,512	8,884,729	
In-lieu Transfer to General Fund	3,436,614	3,436,614	0.0%
<b>Net Increase (Decrease) in Working Capital</b>	<b>907,898</b>	<b>5,448,115</b>	
<b>Beginning Cash Balance</b>	<b>5,162,285</b>	<b>5,162,285</b>	
<b>Changes in GOR</b>	<b>-</b>	<b>295,352</b>	
<b>Ending Cash Balance</b>	<b>6,070,183</b>	<b>10,905,752</b>	



# FY08 Budget vs. Q2 Actual

<b>Cash Flow</b>			
<b>Revenue</b>	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Sales Revenues	70,072,930	37,358,628	53.3%
Other Revenues	1,528,192	3,510,426	229.7%
Total Revenues	71,601,122	40,869,054	57.1%
<b>Expenses</b>			
Purchase Power	42,333,517	21,470,186	50.7%
Non Power	11,649,177	6,028,395	51.7%
Total Expenses	53,982,694	27,498,581	50.9%
Net Revenue for Debt Service	17,618,428	13,370,473	
<b>Debt Service</b>	8,971,488	4,485,744	50.0%
Net Revenue	8,646,940	8,884,729	
In-lieu Transfer to General Fund	6,873,228	3,436,614	50.0%
<b>Net Increase (Decrease) in Working Capital</b>	<b>1,773,712</b>	<b>5,448,115</b>	
<b>Beginning Cash Balance</b>	<b>5,162,285</b>	<b>5,162,285</b>	
<b>Changes in GOR</b>	<b>-</b>	<b>295,352</b>	
<b>Ending Cash Balance</b>	<b>6,935,997</b>	<b>10,905,752</b>	



# Electric Expenses by Series

	Q2 Budget	Q2 Actual	% Q2 Bud	FY08 Budget
Personnel	2,995,312	2,624,819	88%	5,967,361
Supplies, Materials, Services	795,988	644,719	81%	1,382,319
Equipment, Land, Structures	423,440	286,561	68%	1,194,481
Other Payments	307,450	91,307	30%	530,770
Communication & Transportation	30,435	32,932	108%	64,470
<b>Total Operating Expenses</b>	<b>4,552,625</b>	<b>3,680,338</b>	<b>80.8%</b>	<b>9,139,401</b>



**Note: Includes Capital Expenditures in  
Equipment, Land and Structures**



# Q2 Power Supply

	Estimated	Actual	Change	% Change
Generation	\$ 19,159,003	\$ 19,495,983	\$ 336,980	1.7%
Transmission	\$ 2,780,248	\$ 3,122,812	\$ 342,564	11.0%
Management Services	\$ 1,198,398	\$ 1,208,695	\$ 10,297	0.9%
Third Party Revenue	\$ (962,406)	\$ (2,357,304)	\$ (1,394,898)	59.2%
<b>TOTAL</b>	<b>\$ 22,175,243</b>	<b>\$ 21,470,186</b>	<b>\$ (705,057)</b>	<b>-3.3%</b>





# Sales

	YTD Projections	YTD Actuals	% Difference
kWh	250,337,260	241,726,224	-3.4%
Revenue	\$38,159,944	\$37,358,628	-2.1%

# Weather

	Year	HDD	Normal	CDD	Normal
July	2007	0	0	412	390
August	2007	0	0	428	363
September	2007	12	5	201	247
October	2007	68	76	23	73
November	2007	255	348	0	0
December	2007	592	609	0	0
Q1/Q2 Totals		927	1038	1,064	1,073



# Q2 Billing Statistics

Projected			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	85,738,521	\$ 14,718,723	\$ 0.1717
Small Commercial	91,999,760	\$ 15,070,896	\$ 0.1638
Large Commercial/Small Industrial	19,822,620	\$ 2,888,328	\$ 0.1457
Industrial	52,776,358	\$ 5,481,998	\$ 0.1039
<b>TOTAL</b>	<b>250,337,260</b>	<b>\$ 38,159,944</b>	<b>\$ 0.1524</b>

Actual			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	82,789,310	\$ 14,409,646	\$ 0.1741
Small Commercial	88,835,176	\$ 14,754,424	\$ 0.1661
Large Commercial/Small Industrial	19,140,767	\$ 2,827,676	\$ 0.1477
Industrial	50,960,971	\$ 5,366,882	\$ 0.1053
<b>TOTAL</b>	<b>241,726,224</b>	<b>\$ 37,358,628</b>	<b>\$ 0.1545</b>



# NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
  - \$4,790,663 (June 30, 2007)
  - \$5,086,015 (December 31, 2007)

**\$295,352 Increase**



# ECA Billing Statistics

Customer Class	Q1	Q2	Total
Residential	(159,594)	545,871	386,277
Small Commercial	(165,623)	586,856	421,233
Large Commercial/Small Industrial	(39,020)	130,455	91,435
Industrial	(105,963)	392,355	286,392
<b>Total ECA Revenue</b>	<b>(470,200)</b>	<b>1,655,537</b>	<b>1,185,337</b>

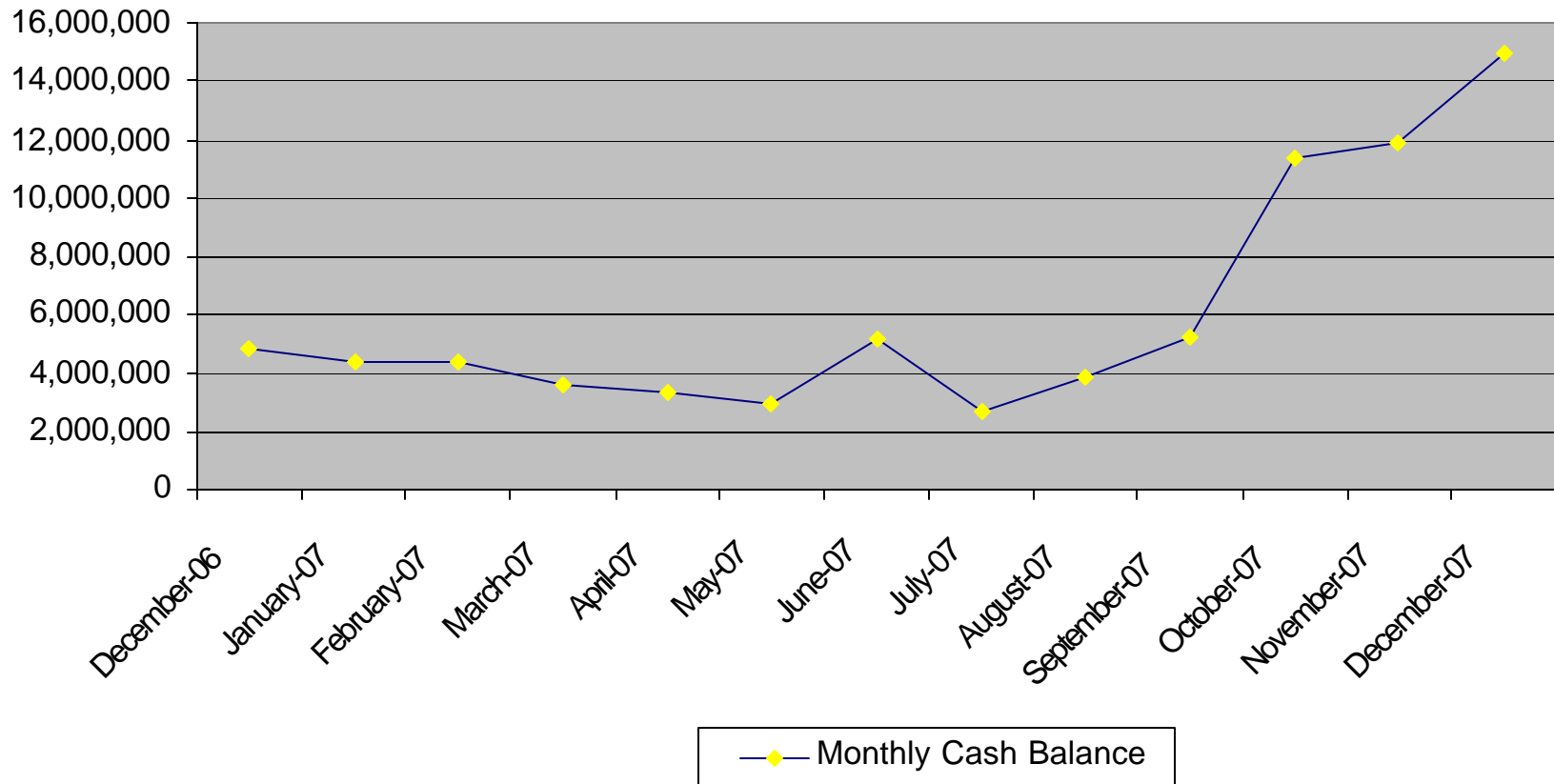


# FY08 “Open Position”

	Lodi Total Surplus/(Deficit)	Load	% of Load	Lodi HLH Surplus/(Deficit)	Load	% of Load	Lodi LLH Surplus/(Deficit)	Load	% of Load
July 2007	(3,699)	53,597	-6.9%	(763)	33,935	-2.2%	(2,936)	19,662	-14.9%
August	(3,741)	49,592	-7.5%	(1,994)	32,886	-6.1%	(1,747)	16,706	-10.5%
September	222	42,940	0.5%	459	26,615	1.7%	(237)	16,325	-1.5%
October	(1,365)	38,430	-3.6%	(1,318)	25,325	-5.2%	(47)	13,105	-0.4%
November	(1,534)	35,719	-4.3%	(723)	23,150	-3.1%	(811)	12,569	-6.5%
December	(2,175)	37,802	-5.8%	(420)	23,379	-1.8%	(1,755)	14,422	-12.2%
Jan 2008	(5,948)	36,994	-16.1%	(3,754)	23,390	-16.1%	(2,193)	13,604	-16.1%
February	(5,272)	35,512	-14.8%	(3,129)	23,016	-13.6%	(2,143)	12,496	-17.2%
March	(3,176)	36,637	-8.7%	(1,568)	23,066	-6.8%	(1,609)	13,571	-11.9%
April	(4,031)	36,293	-11.1%	(4,521)	23,797	-19.0%	489	12,497	3.9%
May	(961)	39,059	-2.5%	(1,931)	25,104	-7.7%	970	13,955	6.9%
June	(3,039)	43,062	-7.1%	(1,950)	27,469	-7.1%	(1,089)	15,593	-7.0%
Net Total	(34,720)	485,638	-7.1%	(21,611)	311,132	-6.9%	(13,109)	174,506	-7.5%



# Cash Balance





# Summary

- EUD had a strong 2<sup>nd</sup> Qtr of FY08
- Power Costs declined ~\$705K
- Non-power Costs decreased ~\$1.4M
- Revenues down about \$865K
- NCPA “GOR” up \$295K
- FY08 power costs ~93% hedged
- Revenues include a one-time receipt of 3.25 million from Roseville CT1 Sale.
- Overall increase in cash is about **\$5.75M**



# **Water and Wastewater**

# **FY07 Quarterly Update**

**(Through December 31, 2007)**

**City Council Meeting**  
**February 20, 2008**





# Summary

## **WASTEWATER:**

- Cash balance is \$2.3 million
- Revenues at 48% of budget
- Operating expenses on target at 50% of budget

## **WATER:**

- Cash balance is \$.94 million.
- Revenues are on target at 52 % of budget
- Fund Operating expenses on target at 41 % of budget



# Wastewater Financials

## Quarters Ending 12/31/07

<b>Revenue</b>	<b>FY Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Sales Revenues	8,838,600	4,295,363	48.6%
Other Revenues	510,000	243,544	47.8%
Impact Mitigation Fees	2,002,770	133,642	6.7%
<b>Total Revenues</b>	<b>\$11,351,370</b>	<b>\$4,672,549</b>	<b>41.2%</b>
<b>Expenses</b>			
Operating	\$5,210,090	2,627,416	50.4%
Capital Outlay	28,469,807	7,204,448	25.3%
<b>Total Expenses</b>	<b>\$33,679,897</b>	<b>\$9,831,864</b>	<b>29.2%</b>
Net Revenue for Debt Service	(\$22,328,527)	(\$5,159,315)	23.1%
<b>Debt Service</b>	<b>3,339,773</b>	<b>1,760,857</b>	<b>52.7%</b>
Net Revenue	(\$25,668,300)	(\$6,920,172)	27.0%
Less Cost of Services Transfer to General Fund	1,404,661	702,331	50.0%
<b>Net Increase (Decrease) in Cash</b>	<b>(\$27,072,961)</b>	<b>(\$7,622,503)</b>	<b>28.2%</b>
<b>Beginning Cash Balance</b>	<b>1,757,400</b>	<b>4,956,069</b>	<b>282.0%</b>
Other Changes in Cash	27,714,654	4,984,599	
<b>Ending Cash Balance</b>	<b>\$2,399,093</b>	<b>\$2,318,165</b>	<b>96.6%</b>

Note: Other Changes comprise proceeds from sale of 2004 COPS and other working capital items



# Wastewater Operating Expenses by Series

	FY08 Budget	FY08 Q2	% of Budget
Personnel	\$ 2,991,129	\$ 1,562,123	52.2%
Supplies, Materials, Services	1,032,686	490,043	47.5%
Equipment, Land, Structures	182,940	30,981	16.9%
Other Payments	201,870	147,715	73.2%
Communication & Transportation	801,465	396,554	49.5%
<b>Total Operating Expenses</b>	<b>\$ 5,210,090</b>	<b>\$ 2,627,416</b>	<b>50.4%</b>



# Water Financials

## Quarter Ending 12/31/07

<b>Revenue</b>	<b>FY Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Sales Revenues	\$11,311,000	5,875,860	51.9%
Other Revenues	726,200	428,760	59.0%
Impact Mitigation Fees	224,000	30,748	13.7%
<b>Total Revenues</b>	<b>\$12,261,200</b>	<b>\$6,335,368</b>	<b>51.7%</b>
<b>Expenses</b>			
Operating	4,378,128	1,811,497	41.4%
Capital Outlay	6,052,976	1,921,233	31.7%
<b>Total Expenses</b>	<b>\$10,431,104</b>	<b>\$3,732,730</b>	<b>35.8%</b>
Net Revenue for Debt Service	\$1,830,096	\$2,602,638	142.2%
<b>Debt Service</b>	<b>228,025</b>	<b>16,399</b>	<b>7.2%</b>
Net Revenue	\$1,602,071	\$2,586,239	
Cost of Services Transfer to General Fund	1,036,399	524,130	50.6%
<b>Net Increase (Decrease) in Cash</b>	<b>\$565,672</b>	<b>\$2,062,109</b>	<b>364.5%</b>
<b>Beginning Cash Balance</b>	<b>534,780</b>	<b>(475,262)</b>	<b>-88.9%</b>
Other Changes in Cash (See note below)		(647,072)	
<b>Ending Cash Balance</b>	<b>\$1,100,452</b>	<b>\$939,775</b>	
Note: PCE/TCE settlements in 07/08 (\$8 million) for mitigation efforts are not included in analysis			



# Water Expenses by Series

	FY08 Budget	FY08 Q2	% of Budget
Personnel	\$ 1,180,697	\$ 280,334	23.7%
Supplies, Materials, Services	694,411	180,410	26.0%
Equipment, Land, Structures	3,500	222	6.3%
Other Payments	1,620,980	917,453	56.6%
Communication & Transportation	878,540	433,078	49.3%
<b>Total Operating Expenses</b>	<b>\$ 4,378,128</b>	<b>\$ 1,811,497</b>	<b>41.4%</b>